

UNITED STATES BANKRUPTCY COURT

DISTRICT OF PUERTO RICO

In Re:) Docket No. 3:17-BK-3283 (LTS)
)
) Title III
The Financial Oversight and)
Management Board for)
Puerto Rico,) (Jointly Administered)
)
as representative of)
)
The Commonwealth of)
Puerto Rico, *et al.*,) September 11, 2019
)
and)
)
)
Puerto Rico Electric)
Power Authority,)
)
Debtors.)

OMNIBUS HEARING

BEFORE THE HONORABLE U.S. DISTRICT JUDGE LAURA TAYLOR SWAIN

UNITED STATES DISTRICT COURT JUDGE

APPEARANCES:

For The Commonwealth
of Puerto Rico, *et al.*: Mr. Martin J. Bienenstock, PHV
Appearing in New York
Ms. Laura Stafford, PHV
Mr. Paul V. Possinger, PHV
Mr. Michael Firestein, PHV
Mr. Ehud Barak, PHV

1 APPEARANCES (Continued):

2 For the U.S. Trustee
3 Region 21: Ms. Monsita Lecaroz Arribas, AUST

4 For Official Committee
5 of Unsecured Creditors: Mr. Luc A. Despins, PHV
6 Appearing in New York

7 For Peter Hein: Mr. Peter C. Hein, Pro Se

8 For Corporacion de
9 Servicios Integrales
10 de Salud del Area de
11 Barranquitas, Comerio,
12 Corozal, Naranjito and
13 Orocovis: Mr. John Mudd, Esq.

14 For the Fee Examiner: Mr. Brady C. Williamson, PHV
15 Ms. Katherine Stadler, PHV

16 For the Bankruptcy
17 Estate of Romualdo
18 Rivera Andrini,
19 Chapter 7 Trustee: Ms. Noreen Wiscovitch Rentas, Esq.

20 For Jorge Diaz Mayoral
21 and Juan Frau Escudero: Ms. Monique J. Diaz Mayoral, Esq.

22 For The Official
23 Committee of Unsecured
24 Creditors: Mr. Luc Despins, PHV
25 Appearing in New York

26 For The Puerto Rico
27 Fiscal Agency and
28 Financial Advisory
29 Authority: Mr. John J. Rapisardi, PHV
30 Appearing in New York

31 For Patrick D. O'Neill,
32 Edlin S. Buitrago
33 Huertas, Carmen M.
34 Huertas, Jose Buitrago
35 and Helvia Caparros
36 Santos: Mr. Charles P. Gilmore, Esq.

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APPEARANCES (Continued):

Pro Se Speakers: Mr. Manuel Torres Diaz
Dr. Gloria L. Diaz Lopez

Proceedings recorded by stenography. Transcript produced by CAT.

1	I N D E X	
2	WITNESSES:	PAGE
3	None offered.	
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5	EXHIBITS:	
6	None offered.	
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San Juan, Puerto Rico

September 11, 2019

At or about 9:47 AM

* * *

THE COURT: Buenos dias. Please be seated. Again, good morning and welcome to counsel, parties in interest and members of the public and press here in San Juan, those observing here and in New York, and the telephonic participants. As always, it is good to be back here.

I remind you that consistent with court and judicial conference policies and the Orders that have been issued, there is to be no use of any electronic devices in the courtroom to communicate with any person, source, or outside repository of information, nor to record any part of the proceedings. Thus, all electronic devices must be turned off unless you're using a particular device to take notes or to refer to documents that are already loaded on the device. All audible signals, including vibration features, must be turned off.

No recording or retransmission of the hearing is permitted by any person, including but not limited to the parties or the press. Anyone who is observed or otherwise found to have been texting, e-mailing or otherwise communicating with a device from a courtroom during the court proceeding will be subject to sanctions, including but not

1 limited to confiscation of the device and denial of future
2 requests to bring devices into the courtroom. And again, a
3 gracious good morning to you all. And thank you for attending
4 to these restrictions and procedures.

5 Our timing today is from 9:30 to noon and then, if
6 necessary, from 1:00 to 5:00 PM. Any matters involving pro se
7 parties appearing here in San Juan who need interpreters will
8 be heard starting at 11:00 AM. There may or may not be those
9 matters, but they would be confined to issues within Agenda
10 Items III through V if we do need to proceed in that fashion.

11 And so with that, we will begin with the status
12 reports. And so the status report from the Oversight Board,
13 is that being delivered here or in New York?

14 Mr. Bienenstock, in New York, good morning.

15 MR. BIENENSTOCK: Good morning, Judge Swain. Martin
16 Bienenstock of Proskauer Rose, LLP, as attorneys for the
17 Oversight Board and the Title III debtors.

18 Your Honor's request for a status report started with
19 the general status and activities of the Oversight Board. The
20 Board's chairman and executive director have had several
21 meetings with the new Governor. Meetings have covered the
22 gamut of major topics, from the Commonwealth Plan of
23 Adjustment, to PREPA, to Law 29 and to general methods of
24 working together for the benefit of all stakeholders.

25 Simultaneously, there have been multiple days of

1 meetings between AAFAF and its advisors, with the Board's
2 advisors, primarily concerning the Commonwealth Plan of
3 Adjustment but also other topics.

4 The Board continues its work on monitoring and
5 assessing implementation of the measures in its Certified
6 Fiscals Plans, and determining what changes to the Fiscal
7 Plans are necessary or beneficial to reach economic
8 sustainability.

9 The Board continues to reach out to Capitol Hill to
10 encourage more aid to Puerto Rico, such as Medicaid and money
11 to help transform PREPA. Litigation has somewhat been
12 curtailed due to the Court's stay, but several matters are
13 continuing both in this Court and in the First Circuit.

14 As to the anticipated timing for the filing of the
15 Commonwealth's Plan of Adjustment, Your Honor, I have given
16 you past predictions that did not turn out as predicted, but
17 each time for a good reason we believe. As Your Honor likely
18 surmised, this time we did not propose a Commonwealth Plan of
19 Adjustment in August because it would have jammed the new
20 Governor.

21 The meetings among the Governor and the Board and the
22 separate meetings among their financial and legal advisors
23 have been productive we think. Ultimately, each party's
24 actions will speak louder than words, but we are guardedly
25 optimistic. As the Court knows, the Board has its statutory

1 mission to carry out, and the Governor is undertaking to
2 protect the Commonwealth. Therefore, the Board and Governor
3 have many common goals and some differences.

4 I will predict the Board does propose a Commonwealth
5 Plan of Adjustment this month, September, 2019. The Board has
6 worked hard to make sure the new Governor and her team
7 understand the Proposed Plan and the reasons for its major
8 provisions.

9 Your Honor also asked for a status of the
10 reformulation of the debtors' ADR proposal. With respect to
11 the ADR motion, we've been working to reformulate the motion,
12 taking guidance from the Court's comments at the July 24
13 hearing. We have had several productive conversations with
14 the Administrative Office of the United States Courts about
15 the structure of the reformulated proposal and we intend to
16 continue that dialogue.

17 We are also working with our advisors to provide the
18 Court with as much detail as we can regarding the claims we
19 anticipate resolving through this procedure, recognizing,
20 however, that many of the claims provide only limited detail.
21 Our goal is to schedule the amended motion to be heard at the
22 October 30 Omnibus hearing. It will be shared in advance with
23 the General Creditors Committee. We know that the Committee
24 wishes that this had been accomplished long ago, and I believe
25 before we finish, Mr. Despins has some remarks on that issue.

1 The Court has also asked for a status report about
2 the process for resolving the vendor issues brought on by the
3 Complaint filed by the Special Claims Committee of the
4 Oversight Board. The Claims Committee has given me the
5 following to report.

6 The Special Claims Committee of the Oversight Board
7 is pleased to report that the informal resolution process for
8 the vendor avoidance actions is progressing. As of the end of
9 August, over 150 vendors out of the 250 actions filed
10 expressed an interest in participating in the informal
11 resolution process.

12 The Special Claims Committee's financial advisors are
13 reviewing the information produced by over 50 vendors, with
14 more information to be produced in the coming weeks given
15 extensions of deadlines provided to individual vendors. We
16 expect about 20 vendor actions to be resolved within the next
17 week.

18 The Special Claims Committee is also undertaking
19 another coordinated outreach effort to increase vendor
20 participation in the informal resolution process. Vendor
21 actions that are not resolved consensually through the
22 informal resolution process may be subject to litigation
23 likely no earlier than the January 13, 2020, answer deadline,
24 which was established in the Order granting the Omnibus Motion
25 by the Financial Oversight and Management Board of Puerto

1 Rico, acting by and through the members of the Special Claims
2 Committee and the Official Committee of Unsecured Creditors to
3 establish litigation case management procedures and establish
4 procedures for approval of settlements. That's ECF 7941.

5 We expect, to the extent some vendor actions are not
6 resolved by that date, the Special Claims Committee will
7 negotiate individual extensions of deadlines if the parties
8 believe it is likely the actions can be resolved without
9 formal litigation.

10 Your Honor also asked about the status of the PRIDCO
11 RSA and its anticipated Title VI filing. Your Honor, the
12 PRIDCO Title VI restructuring has been handled to date by
13 AAFAF. While Title VI allows the Board to negotiate a deal
14 and to implement it at the request of bondholders, the Board
15 has not done so with PRIDCO to date. I will defer in a few
16 moments to AAFAF, which I understand is prepared to report on
17 the PRIDCO restructuring.

18 And finally, Your Honor, the Court asks that we
19 report on the general status of relations among the Oversight
20 Board and the Commonwealth and Federal Governments. As Your
21 Honor likely senses from my prior remarks, the relations
22 between the Board and the new Governor are positive. We
23 believe each side is trying to find a way to coalesce on
24 matters such as Law 29 and many other matters. Perhaps most
25 importantly, communications among the principals and advisors

1 are completely open, candid, respectful and cordial on all
2 levels.

3 In respect to the Federal Government, the Oversight
4 Board continues to press it for more aid to Puerto Rico, both
5 generally for the PREPA transformation, for Medicaid, and in
6 every other way we think there's a prospect of receiving more
7 aid or loans.

8 Your Honor, finally, Your Honor may have questions.
9 I don't mean to preclude them, but just so I don't forget,
10 I've been asked by several people in New York and San Juan to
11 ask that when -- just before the Omnibus claims objections
12 commence, the people who have no interest in those objections
13 be allowed to leave the courtroom.

14 THE COURT: And certainly that will be permitted.

15 I do have one question for you, Mr. Bienenstock, and
16 I thank you for those remarks, which were quite responsive to
17 my request. And this question has to do with the claims that
18 are expected to go through the ADR process.

19 And one reason that we asked about timing was that,
20 of course, on the litigation side, we do need to explore and
21 establish mechanisms for handling claims that are not resolved
22 through whatever levels of ADR processes are ultimately
23 proposed and approved.

24 So I do understand that the initial first or second
25 phases of inquiry letters to people whose claims were unclear

1 have gone out soliciting additional information. After that,
2 the proposal that had been made contemplated a process of
3 eliciting interest in and then participation in a process of
4 paper offers of settlement going back and forth. And then
5 after that, and perhaps with my feedback after some other
6 method of ADR, matters would come to the Court for litigation.

7 So with that background, has there been any activity,
8 informal or otherwise, on the settlement front that has given
9 you all any idea of when matters that are not settled might
10 begin to filter through to litigation so that I can figure out
11 when I need to have a process in place and staffed
12 appropriately?

13 MR. BIENENSTOCK: Your Honor, some of my colleagues
14 in the courtroom with Your Honor in San Juan may have more
15 information on that. I think there has been limited --
16 limited progress towards resolutions, but for an
17 understandable reason, which will soon change.

18 When we file our proposed plan, claimants will get
19 some notion of at least what the Oversight Board contemplates
20 general unsecured claims are going to receive under the plan.
21 We think that will -- that will enable people to assess their
22 positions and be a big spur towards getting things resolved
23 more quickly and efficiently than might otherwise be the case.

24 So I think that's largely been a holdup, both in
25 terms of not wanting to agree to allowed claims before we know

1 | what they're worth, and people not wanting to take reductions
2 | before understanding what they may be giving up. I don't have
3 | any more information, but I can get more for Your Honor and
4 | I'd be happy to do so.

5 | THE COURT: Well, if there is further information
6 | that can be shared by way of an informative filing before the
7 | next Omni, that would be very helpful because we are --

8 | MR. BIENENSTOCK: Okay. We'll do that.

9 | THE COURT: Oh, I'm sorry. There is someone here.
10 | Ms. Stafford.

11 | MS. STAFFORD: I just note for Your Honor that we
12 | have begun the process of sending out letters in an effort to
13 | obtain more information about a lot of those claims, and we
14 | are just now in the process of receiving results from those
15 | letters. So until we're a little further down the process of
16 | evaluating the responses that we get, we're not in a position
17 | yet to begin the offer-counteroffer process, but -- in
18 | addition to the issues that Mr. Bienenstock just raised. But
19 | we're happy to provide additional information about the kind
20 | of information that we've been getting and how it will help us
21 | along the way of giving you more information and feedback
22 | about the claims that will be going through the ADR processes
23 | versus needing to go before the Court.

24 | THE COURT: Thank you. And doing that either by
25 | informative motion, as I mentioned, or through your more

1 informal communications with the Administrative Office will be
2 helpful as we try to make sure that we are structurally ready
3 for whatever's coming.

4 Thank you, both.

5 MR. BIENENSTOCK: Thank you, Your Honor.

6 Mr. Despins is rising in New York, so if it's okay,
7 he'll comment on the ADR proposal.

8 THE COURT: That's fine. Thank you.

9 Good morning, Mr. Despins.

10 MR. DESPINS: Good morning, Your Honor.

11 Before I go to the ADR process, there was an item on
12 the Agenda which dealt with ERS scheduling issues, and I've
13 been tasked with briefing the Court on that issue. It was
14 under the FOMB report. That was ERS' scheduling update. And
15 so this will be very short, Your Honor.

16 THE COURT: Yes.

17 MR. DESPINS: Just to say ERS parties -- and this is
18 a scripted text I'm reading that was agreed to by these
19 parties. The ERS parties have been meeting with the mediation
20 team and have come to an agreement on one matter concerning
21 ERS. And the ERS parties, I'll describe them in a second,
22 have all consented to me making an oral motion today
23 requesting that the Court -- the Court's Stay Order be
24 modified to allow the filing of a supplemental procedures
25 motion as it relates solely to ERS.

1 And Your Honor, this would be a modified version of
2 the Procedures Motion that you've previously seen but that you
3 have not ruled on because it's subject to the stay. And
4 basically, if Your Honor were to grant this oral motion, we
5 would promptly file a supplemental motion and request that it
6 be heard as promptly as Your Honor could hear it, or if no
7 objections are filed, taken on presentment.

8 The parties that support my oral motion to modify
9 your stay as it relates to ERS are, in addition to the
10 Committee, the Oversight Board, AAFAF, the Retiree Committee,
11 the ERS Secured Creditors Group, the Puerto Rico Fund and the
12 Bank of New York. I think that covers the entire spectrum.

13 So again, I want to be clear that these parties are
14 still discussing the terms of that supplemental motion, but
15 what we could all agree on was that we would make that oral
16 motion to have Your Honor modify your Stay Order to allow for
17 the filing of that motion, which we hope to file as soon as
18 possible.

19 You'll recall that that procedures motion had a
20 process where people had to file a Notice of Participation
21 within X amount of days. So the main purpose of this, to be
22 clear, is to trigger that and to get ourselves in a position
23 to get moving on ERS matters.

24 THE COURT: Given your representation that all have
25 agreed that this is the most appropriate way to proceed

1 forward as to ERS at this juncture, the oral motion for
2 modification of the stay to permit the filing of the
3 supplemental motion is granted, and I will look forward to
4 your filing.

5 I'm sorry. Mr. Barak.

6 MR. BARAK: Good morning, Your Honor. Ehud Barak for
7 the Oversight Board as representative for the Title III
8 debtors.

9 THE COURT: Would you speak up just a bit more,
10 please?

11 MR. BARAK: Yes.

12 THE COURT: Thank you.

13 MR. BARAK: Okay. We agree with Mr. Despins, but
14 just one thing. We do not oppose the filing of the motion,
15 but all parties reserve the right obviously to comment or
16 object to those procedures which we've just gotten in the last
17 24 hours.

18 THE COURT: Yes. That doesn't surprise me. I had
19 thought to ask Mr. Despins whether the procedures proposed
20 would be all agreed or consensual, but as you said, the terms
21 were still being discussed. I thought that that really
22 wouldn't be a productive question. So we'll see what happens
23 and what gets filed. Thank you.

24 MR. DESPINS: Your Honor, certainly the goal is to
25 have agreed upon procedures, but as I stated, it's still being

1 discussed. So I want to be clear that no one is being bound
2 to anything other than the lifting of the stay for the purpose
3 of the filing of that procedures motion. But the goal is
4 certainly to make that motion consensual all around.

5 And on the ADR, Your Honor, as -- I won't take a lot
6 of the Court's time. You already know our issue. But I just
7 want to explain another -- you know, as we said before, our
8 group, the creditors we represent, are the people affected by
9 this, because a lot of them have unliquidated or disputed
10 claims and, therefore, not resolving their claims is a huge
11 impediment to them eventually getting paid.

12 But it's more than that, and I want to make sure that
13 Your Honor understands that dynamic as well, which is when we
14 get to Plan confirmation, I am sure that other creditors, for
15 example, creditors that are owed, that hold bonds -- so for
16 the bonds, it's very easy to know how much they're owed. We
17 know that to the penny. We'll say, wait a minute. The
18 Creditors Committee, their clients don't hold billions of
19 dollars of claims. I'm making this up. They hold 500 million
20 dollars in claims. And in that context, the fact that we have
21 not yet had any progress really on getting these claims
22 resolved is going to be a huge impediment to the case we
23 believe.

24 We hope there'll be work arounds to that, but, you
25 know, we foresaw that issue. We submitted a Detroit style ADR

1 procedure to the Board for consideration in January, 2018, and
2 now it's more than a year and a half later and we still don't
3 have an Order entered.

4 So I just want to remind the Court and add that new
5 dimension, which is, in the Plan context, that's going to
6 create some difficulty, because they'll be -- there won't be
7 agreement among the parties as to what our group is owed,
8 because there will not be final resolution of these claims by
9 that time.

10 Thank you, Your Honor.

11 THE COURT: Thank you. I understand.

12 Was there any -- Mr. Mudd wished to be heard on the
13 ADR issue as well, and he's coming to the podium here in San
14 Juan.

15 MR. MUDD: Good morning to all.

16 THE COURT: Good morning.

17 MR. MUDD: Your Honor, when the Board filed its
18 original motion, I filed a qualified objection, and I want to
19 emphasize the fact that in the cases that we're dealing with,
20 there's a lot of lawsuits. I mean thousands upon thousands of
21 lawsuits in state court. Normally, that's not a problem, but
22 here in Puerto Rico, it's in Spanish. And most of these
23 lawyers -- not most, but many of these lawyers have no idea of
24 the English language.

25 I litigate in state court. I can attest to that. In

1 addition, if we're going to do it with the local magistrates
2 who are extremely competent, but very overworked, that's one
3 problem.

4 THE COURT: Precisely. I don't think I made it clear
5 last time in my remarks in July that we cannot expect to
6 enlist the magistrate judges here. And so we can't expect to
7 have magistrate judges who are fluent in Spanish, and frankly,
8 the proposal that had been made so far and our efforts were to
9 have magistrate judges available for the litigation phase but
10 not involved in mediation. So there's that other aspect of a
11 gap in terms of Spanish speaking mediators.

12 MR. MUDD: Okay. Continuing with that, Your Honor,
13 if we send it to magistrates who do not know English, it's
14 extremely expensive to get certified translations, number one.
15 Number two, there's a lot of people in Puerto Rico, ex-judges,
16 locals, who are very cognizant of Puerto Rican law. And most
17 of these cases are simply slip and fall cases, and they can be
18 dealt with easily by local former judges. There is a program
19 for mediation in the state court, which is basically just
20 negotiations.

21 And we have to tie in the Plan of Adjustment in the
22 cases. Once the Plan of Adjustment is filed, which according
23 to Mr. Bienenstock, and I have no doubt he's saying the truth,
24 will be filed this month, whereas the whole procedure will be
25 filed later on in October and will be dealt with in the

1 | October hearing, people will know how much money they can
2 | expect in terms of a percentage of their claim, and that
3 | impacts the -- what you're going to negotiate about.

4 | So maybe -- what I'm trying to say is I think the
5 | Court needs to involve the local court system in order to help
6 | with these things, because otherwise, it's going to be an
7 | incredible mess.

8 | THE COURT: Well, as you know, I have asked the
9 | Oversight Board to consider resources and reformulate the ADR
10 | aspect of the proposal. And so to the extent you have
11 | specific information or contact information about who runs the
12 | state court program and how it works, I would be grateful if
13 | you would convey that to the Oversight Board.

14 | MR. MUDD: I have no problem with that. I offered my
15 | services before and I offer them again for free. I have no
16 | problem with that. I just want this thing solved.

17 | THE COURT: Thank you, Mr. Mudd.

18 | MR. MUDD: Thank you.

19 | THE COURT: And so if there are no further comments
20 | at this point, I would ask AAFAF to make its report.

21 | Good morning, Mr. Rapisardi.

22 | MR. RAPISARDI: Good morning, Your Honor. John
23 | Rapisardi of O'Melveny Myers on behalf of Puerto Rico Fiscal
24 | Agency and Financial Advisory Authority. I would like to
25 | thank Your Honor for the opportunity to address the Court this

1 morning.

2 At the Court's request, I will provide an overview of
3 the recent changes in Commonwealth Government leadership,
4 AAFAF's current activities and priorities, and the general
5 status of relations among the Commonwealth Government, the
6 Oversight Board and the Federal Government.

7 First, Your Honor, as to the government transition
8 and new leadership, the government's recent transition has
9 lead to new leaders but leaders who have vast experience of
10 government service and who are committed to move the process
11 forward under PROMESA within the statute's directive for the
12 parties to work together as partners for prosperity and not
13 rivals for power.

14 Governor Vazquez took office on August 7. She is the
15 second woman to hold the office of Governor of Puerto Rico.
16 She brings to her role as Governor over 30 years of government
17 service as a District Attorney, Solicitor of the Women's
18 Rights Office and Secretary of Justice.

19 In leading her administration, she is in the process
20 of evaluating and deciding upon important policy issues for
21 the island, many of which intersect with Puerto Rico's ongoing
22 debt restructuring.

23 Omar Marrero is leading AAFAF as its new executive
24 director. He is also serving as the CFO for the Government of
25 Puerto Rico. Mr. Marrero was previously at the Puerto Rico

1 Public Private Partnerships Authority, a role that involved
2 close coordination with the Oversight Board and federal
3 agencies. Mr. Marrero has also served as the Executive
4 Director of the Convention District Authority and Ports
5 Authority, and as Secretary of the Department of Consumer
6 Affairs. He is supported by new personnel, as well as other
7 people who have been at AAFAF for the past two years who have
8 been instrumental in successes such as the COFINA
9 restructuring.

10 Eli Diaz, who was named by Governor Vazquez as the
11 new ex officio representative of the Board has begun his work
12 earnestly. He has worked in the government as infrastructure
13 advisor in Fortaleza, and in turn, the legal director of the
14 Puerto Rico Public Private Partnership Authority.

15 He currently serves as the Executive President of the
16 Puerto Rico Aqueduct and Sewer Authority, and was previously
17 the Board chair of PREPA. PRASA recently commenced a deal
18 with the Federal Government acting as a creditor that received
19 the Board's approval under PROMESA Section 207.

20 Your Honor, having been on island quite frequently
21 over the past two months at AAFAF, I can personally attest to
22 the hard work and countless hours that both Mr. Marrero and
23 Mr. Diaz have dedicated in becoming intimately familiar with
24 the many complex and difficult issues facing Puerto Rico to
25 achieve a timely and satisfactory restructuring of its

1 outstanding debts.

2 Government priorities. As stated by Governor
3 Vazquez, the government believes there must be a sense of
4 realism in what is truly possible in terms of dealing with
5 both Title III and PROMESA more broadly, and most importantly,
6 within a constructive framework which minimizes delay of the
7 cost, while at the same time defending rights and interests of
8 the people of Puerto Rico. All of the people working for the
9 Governor will be guided by and act in accordance with that
10 vision. AAFAF and the government authorities remain focused
11 on subsequently reframing the economy and government, and the
12 people of Puerto Rico can reap benefits of structural reforms
13 along those lines, disaster recovery funds, implementary
14 measures and disbursing funds to Puerto Rico.

15 On that Title III agreement, Your Honor, I want to
16 highlight AAFAF's recent work regarding PRIDCO as highlighted
17 by Mr. Bienenstock. PRIDCO's main function is economic
18 development of Puerto Rico and provide industrial facilities
19 for lease and sale to private manufacturing companies.

20 On June 13, AAFAF engineered a Restructuring Support
21 Agreement with over two-thirds of PRIDCO's outstanding
22 bondholders. The parties to PRIDCO recently extended the
23 timelines, ERS amount and new timeline for restructuring.
24 AAFAF anticipates commencing Title VI qualifying modification
25 process by year end. The RSA continues to enjoy broad

1 support, with over two-thirds of the bondholders a party to
2 it.

3 Relationships with the Oversight Board. Your Honor,
4 the elected government will continue to defend and assert its
5 rightful powers as recognized in PROMESA and will work
6 together with the Oversight Board within the power sharing
7 arrangement established by the statute. Mr. Marrero and Mr.
8 Diaz have a history of working cooperatively with the
9 Oversight Board. And like I said, Your Honor, that -- AAFAF
10 is deeply committed to the ongoing operation and consultation
11 with the Oversight Board. And I believe that
12 Mr. Bienenstock's comments, with respect to a high degree of
13 cooperation between the Oversight Board and the government, is
14 accurate.

15 Your Honor, Governor Vazquez and the Board's
16 Executive Director, Natalie Jaresko, have publicly reported
17 their recent meetings, which have also included Board Chair
18 Jose Carrion. As an anecdote, Your Honor, on September 4th,
19 Ms. Jaresko and the Governor each released a picture of their
20 in-person working session in the past month and thanked each
21 other for their cooperation and hard work.

22 Without getting into details, I can say that the
23 professionals and staff from both the Oversight Board and
24 AAFAF have been meeting extensively to address the Title III
25 issues and have been making progress.

1 With respect to the litigation of Act 29, which is
2 ongoing, we can report that even the Speaker of the Puerto
3 Rico House has mentioned that, quote, we are looking for
4 alternatives to Act 29 that would maintain PayGo and health
5 plan subsidies to municipal governments.

6 With respect to relations with the Federal
7 Government, this week Governor Vazquez traveled to Washington,
8 D.C., with Resident Commissioner Gonzalez, Puerto Rico
9 legislative leaders and local business leaders to meet with
10 congressional leaders and executive branch officials.
11 Governor Vazquez said the purpose of her trip was to
12 reestablish credibility, open up lines of communication and
13 guarantee the transparency of the government in its use of
14 funds allocated to Puerto Rico.

15 The Governor also said she would work to accelerate
16 the disbursement of recovery and health care funding. The
17 Governor has met with executives of the White House, of
18 Intergovernmental Affairs and Budget; Secretary of the Federal
19 Treasury, Stephen Mnuchin; Secretary of the Department of
20 Housing and Urban Development, Ben Carson; and members of the
21 Department of Energy. The Governor will continue her meetings
22 through the end of the week, and I believe that there are some
23 additional meetings that are scheduled.

24 Topics of conversation include issues related to the
25 island's recovery plans, natural disaster response programs,

1 the allocation of federal funds and a supplemental Medicaid
2 funding extension from Congress. Hopefully these meetings
3 will help reset the overall relationship between the Federal
4 Government and Puerto Rico, which is an important element in
5 moving forward.

6 In summary, Your Honor, I think things are moving
7 quite well on all fronts, and I'm very pleased that much
8 progress has been made with the Oversight Board and its
9 advisors. And I remain hopeful that it will continue ongoing
10 as we move forward.

11 Thank you, Your Honor.

12 THE COURT: Thank you, Mr. Rapisardi, for that very
13 comprehensive and encouraging report.

14 Before we turn to the Fee Examiner's report, I'd like
15 briefly to address an additional topic that is not listed on
16 the Agenda. I've seen media reports indicating that several
17 so-called sources have provided media outlets with information
18 regarding work by the mediation team and mediation
19 participants that is being done pursuant to the Court's July
20 24th, 2019, Order, which is docket entry number 8244 in the
21 3283 case.

22 For example, on August 27th, 2019, Reorg Research
23 released an alert titled, Commonwealth Mediation Expected to
24 Kick Off After Labor Day Weekend, Sequencing of Gating Issues
25 Seen as Crucial to the Process. This article contains

1 information attributed to at least five unnamed sources, and
2 includes what purport to be very specific details regarding
3 the status of the ongoing mediation.

4 In a September 5th, 2019, article published in the
5 Bond Buyer, a person described as an anonymous bondholder
6 source familiar with the process provided alleged details
7 about the current focus of the mediation efforts.

8 Since my June 2017 Notice and Order regarding the
9 proposed appointment of the mediation team, that's docket
10 entry number 329, a long time ago, in the 3283 case, the Court
11 has made it abundantly clear that the parties' work with the
12 mediation team is to be confidential, separate from the
13 litigation process and out of the public eye.

14 The Notice and Order specifically stated that both
15 the participants and the mediators will be bound by
16 confidentiality. These principles were explicitly
17 incorporated into the Court's Order Appointing Mediation Team,
18 which was filed as docket entry number 430 in the 3283 case on
19 June 23rd, 2017.

20 The mediation process was initiated as a voluntary
21 one. In July of this year, I Ordered mediation of key
22 procedural and substantive issues to give the mediators and
23 the parties confidential space to work together candidly and
24 efficiently to find common ground on priorities and lay the
25 foundation for work toward a substantially consensual plan.

1 That mandatory work is to be entirely confidential. I do not
2 want to learn details of its process as I proceed with the
3 litigation matters that are still on my plate during the stay
4 period.

5 I have set a particular reporting date and reporting
6 structure. During the stay and as mediation continues through
7 the course of these cases, I do not want to read about ongoing
8 mediation matters in the papers. When anyone can read about
9 the progress of ongoing mediation efforts in the press, the
10 separation between the mediation and litigation processes is
11 undermined. It is a basic, important premise of mediation
12 that the parties and mediators can exchange information,
13 whether in writing or orally, without a concern that that
14 information will be reported outside of the mediation group,
15 in the press or otherwise.

16 In light of the recently published articles, I'm
17 deeply concerned that parties have forgotten or perhaps have
18 chosen to ignore what was clearly stated in the original
19 Orders designating and appointing the mediation team. Today I
20 will issue a Supplemental Order regarding the confidentiality
21 of ongoing mediation efforts, and the Order will provide that
22 if any additional breaches of mediation confidentiality appear
23 to occur, the Court will not hesitate to take appropriate
24 action to determine the source of the leak and to evaluate
25 whether sanctions may be appropriate.

1 And I really hope I won't have to go there, but I
2 will if I need to. I trust that this reminder will help to
3 ensure that I will not be reading about confidential mediation
4 activities in the papers ever again. To ensure that this
5 reminder of the requirement hits home, I am directing the
6 attorneys for each mediation participant to bring these
7 remarks and the Order to the attention of their clients and
8 the other advisors to the clients who are involved with the
9 mediation.

10 I thank you for your anticipated compliance with the
11 mediation confidentiality obligations and these measures
12 designed to protect the mediation process. And now we'll have
13 the report of the Fee Examiner.

14 Good morning, Ms. Stadler.

15 MS. STADLER: Good morning, Your Honor.

16 As you know, we filed our status report on the
17 ongoing review process of the McKinsey & Company, Inc., fee
18 applications last week. We did, as noted in our Informative
19 Motion earlier this week, meet with McKinsey representatives
20 yesterday in San Juan and began mapping out or continued
21 mapping out some additional measures and additional revisions
22 to the existing protocol that would provide more robust
23 descriptions of team assignments and functions, mapping of
24 work product to project teams, an enhanced frequency of task
25 reporting, including publicly filed fee statements that

1 include those additional disclosures.

2 We haven't finished our discussions. We're still
3 exchanging information and working cooperatively with McKinsey
4 and the Oversight Board to ensure that PROMESA's requirements
5 are continuing to be met. But as the status report says, we
6 have no reason to believe that an amendment of our prior
7 recommendations is necessary or appropriate at this time.

8 THE COURT: Amendment of the prior recommendations in
9 terms of the billings to September, 2018?

10 MS. STADLER: That is correct.

11 THE COURT: But you are working on amendments, if you
12 will, to the protocols that were put in place?

13 MS. STADLER: Correct. So that after September,
14 2018, billings which constitute the fifth interim and
15 subsequent interim fee periods will be reviewed subject to
16 this new enhanced protocol that we're in the process of
17 formulating.

18 We expect to have more details about that for Your
19 Honor at the October Omnibus hearing. And we're, in the
20 meantime, happy to answer questions about our report or any of
21 the filings related to fees.

22 THE COURT: Well, I was surprised, as I think many
23 were, by the filing and the revelation of the OIG issues. I
24 was very pleased to see that the Fee Examiner was right on
25 that issue and to have your first report filed so promptly,

1 and appreciated both the more recent report and the content
2 concerning the serious work that is being done to follow up on
3 the issues.

4 And so I have no questions about the particulars of
5 the report at this point, which was quite comprehensive and
6 very helpful. And I am glad to hear that you expect to be
7 able to come back for the October Omni with more concrete
8 proposals.

9 The one thing I would encourage you to do is that if
10 you, for some reason, get to a point where you believe there
11 is an impasse or a reason for me to call in McKinsey
12 representatives to discuss, in the context of an Omni, the
13 issues on which there is not comfort or agreement, or deal
14 with that some other way procedurally in connection with the
15 Omni, to file a status report so that we can cue something up
16 that's appropriate, so that we don't then wait beyond the
17 October Omni to be able to take that next step.

18 MS. STADLER: Understood. We will absolutely do so,
19 Your Honor.

20 THE COURT: Thank you, Ms. Stadler.

21 MS. STADLER: Thank you.

22 THE COURT: And thank you, as always, Mr. Williamson.

23 All right. And so at this point, we're going to turn
24 to the Omnibus Objections to Claims. And as I promised
25 Mr. Bienenstock, anyone who doesn't want to stay for those may

1 leave quietly. And I thank you for your attendance and wish
2 you safe travels.

3 So now we are at Agenda Item II -- I'm sorry, Agenda
4 Item III, beginning with COFINA's 13th Omnibus Objection to
5 Claims. And Ms. Stafford, why don't you just wait a moment
6 while people leave.

7 MS. STAFFORD: Yes.

8 THE COURT: The Agenda indicates that 20 minutes have
9 been allocated for attention to Mr. Hein's Response, and I'm
10 told that the parties have agreed to split that time. And so,
11 Ms. Stafford, did you want to reserve any rebuttal time?

12 MS. STAFFORD: Yes, Your Honor. I'd like to reserve
13 two minutes for rebuttal.

14 THE COURT: So we'll put you down for eight minutes
15 opening and two for rebuttal.

16 MS. STAFFORD: Thank you.

17 THE COURT: And Mr. Hein down for ten for his
18 response.

19 MS. STAFFORD: Good morning. Laura Stafford of
20 Proskauer Rose on behalf of the Financial Oversight and
21 Management Board for Puerto Rico to address the 13th Omnibus
22 Objection to Claims.

23 What remains, Your Honor, of this dispute between
24 COFINA and Mr. Hein is whether Mr. Hein has any additional and
25 independent rights to payment against COFINA beyond the

1 payments he's already received on account of the COFINA bonds
2 that he owned.

3 I'm sure the Court recalls that Mr. Hein held
4 subordinate COFINA bonds. And when the COFINA Plan was
5 confirmed, Mr. Hein received the treatment to which he was
6 entitled as a holder of those subordinate COFINA bonds. It's
7 clear that Mr. Hein is not satisfied with the treatment he
8 received as a subordinate COFINA bondholder under the Plan,
9 which is the only asset he held, his subordinate COFINA bonds.
10 He objected to --

11 THE COURT: Can you slow down just a little bit more
12 and project just a little bit more, too.

13 MS. STAFFORD: Of course, Your Honor.

14 THE COURT: Thank you.

15 MS. STAFFORD: So Mr. Hein objected to the Plan prior
16 to confirmation, and he's appealed to the First Circuit this
17 Court's Orders approving the COFINA Plan Disclosure Statement,
18 and confirming the COFINA Plan.

19 At the April Omnibus hearing, Mr. Hein's claim was
20 disallowed to the extent his claim asserted a right to payment
21 on his COFINA bonds. Mr. Hein objected to disallowance of his
22 claim in its entirety, however, because he contended that his
23 claim also asserted additional constitutional and statutory
24 rights.

25 Mr. Hein was thereafter afforded an opportunity to

1 explain whether and how those alleged constitutional and
2 statutory rights established that he was entitled to any
3 additional independent rights to payment against COFINA, but
4 Mr. Hein has not done so. Instead, he has provided the Court
5 with precisely the same arguments he raised during the Plan
6 objection process.

7 He's asserted the same constitutional and statutory
8 claims, arguing once again that the Plan violates a host of
9 constitutional provisions, including the Takings Clause, the
10 Contracts Clause, the Privileges and Immunities Clause, Equal
11 Protection Clause, Due Process Clause, the First Amendment,
12 the Appointments Clause, and numerous provisions of PROMESA.
13 Each one of those arguments this Court has already heard and
14 has already rejected.

15 Mr. Hein has also reasserted his allegations that the
16 Plan improperly discriminates in favor of Puerto Rico
17 investors and provides alleged special benefits for
18 negotiators of the Plan. He's reasserted those allegations
19 largely through attacks on a Disclosure Statement contending
20 that certain information contained in the Disclosure Statement
21 is not true, and on that basis, he casts doubt upon COFINA's
22 explanation for why certain Plan provisions that allegedly
23 benefited Puerto Rico investors was accurate. But again, this
24 Court has already heard and rejected those arguments when it
25 decided to approve the Disclosure Statement and confirm the

1 Plan.

2 Not only did Mr. Hein already raise these arguments
3 before this Court, Mr. Hein has also placed those precise
4 arguments before the First Circuit when he appealed this
5 Court's Orders approving the Disclosure Statement and
6 confirming the Plan. And respectfully, Your Honor, that
7 appeal alone divests this Court of jurisdiction to entertain
8 the arguments that Mr. Hein raises here.

9 Mr. Hein has appealed the Court's decision to confirm
10 the Plan and to approve the Disclosure Statement. Each of the
11 issues Mr. Hein raises in support of his claim, which he
12 purports to assert given their additional independent right to
13 payment, are before the First Circuit in deciding Mr. Hein's
14 appeal.

15 THE COURT: I just want you to repeat that so that I
16 can understand that. Your definitive position is that each
17 and every one of these arguments and categories of argument
18 has been asserted in the appeals before the First Circuit?

19 MS. STAFFORD: So each of those issues are subsumed
20 within the Notice of Appeal that Mr. Hein has filed. I don't
21 believe he's -- I'm not sure whether or not the merits briefs
22 have been filed yet, and if so, whether or not those arguments
23 have been made. However, they are all subsumed within the
24 issues that he has sought to raise in the First Circuit on his
25 appeal from the confirmation of the COFINA Plan.

1 THE COURT: Thank you.

2 MS. STAFFORD: This Court cannot consider those
3 issues while on appeal in the very same issues as pending, and
4 that alone disposes of what remains of Mr. Hein's claim.

5 Mr. Hein had an opportunity to explain to this Court
6 why he had an independent and additional right to payment
7 beyond the treatment he received in respect to his COFINA
8 bonds. In response, he pointed only to the very same
9 arguments he made against confirmation of the Plan.

10 It is now clear that the only arguments Mr. Hein can
11 raise in support of his alleged additional and independent
12 rights to payment are the very same arguments Mr. Hein is
13 pursuing on appeal. And because this Court lacks jurisdiction
14 to consider the only arguments Mr. Hein has advanced in
15 support of any addition and independent rights to payment he
16 believes he holds, this Court should sustain the objection and
17 disallow Mr. Hein's claim.

18 But even if this Court did have jurisdiction to
19 consider the arguments Mr. Hein raises, the fact remains that
20 Mr. Hein has not demonstrated how any of the arguments he
21 makes would give rise to an additional and independent right
22 to payment; in other words, the right to be paid more for the
23 only asset that he held against COFINA, which are his
24 subordinate COFINA bonds.

25 THE COURT: May I ask you to pause for a minute?

1 MS. STAFFORD: Yes.

2 THE COURT: I believe a couple of minutes ago you
3 argued, as is also argued in at least one part of the papers,
4 that the remainder of the claim should be stricken. Since he
5 is making additional legal arguments, why would it be
6 appropriate for me to strike that portion of the claim as
7 opposed to recognizing that with the confirmation of the Plan,
8 the claim is treated and discharged pursuant to Section 944?

9 MS. STAFFORD: Because the additional legal arguments
10 that he makes are only in respect of the COFINA bonds,
11 which -- and the treatment that he received under the Plan
12 with respect to those COFINA bonds. He has no additional and
13 independent right or he has not asserted any additional and
14 independent right beyond the bonds, which, as we discussed at
15 the April Omnibus hearing, were duplicative of the Master
16 Proof of Claim that was filed by Bank of New York Mellon.

17 His ability to assert these additional constitutional
18 and statutory arguments are rights that he has a right to as a
19 creditor who owned bonds. He does not need an additional
20 claim on the register in order to assert those types of claims
21 and arguments.

22 THE COURT: And so since the same gross amount of
23 dollars was being sought based on the same set of bondholder
24 rights in the Master Proof of Claim and in Mr. Hein's Proof of
25 Claim, although Mr. Hein has different legal analytical

1 pathways for his argument that he should get a hundred cents
2 on the dollar as opposed to the discounted arrangements under
3 the Plan, you believe that the difference in legal theories
4 and legal arguments does not make for a difference in the
5 underlying claim, which is for the amount payable under the
6 bond instrument?

7 MS. STAFFORD: That's precisely right, Your Honor.

8 THE COURT: And so your position is that, therefore,
9 the claim is duplicative in its entirety; it should be
10 stricken for that reason?

11 MS. STAFFORD: That is correct, Your Honor.

12 THE COURT: Thank you for helping me understand that
13 argument.

14 MS. STAFFORD: Of course.

15 I'll wrap up quickly, Your Honor, but I just wanted
16 to note that even if the Court has jurisdiction to consider
17 these arguments, these arguments that Mr. Hein is raising are
18 essentially the same arguments that he raised prior to
19 confirmation, and they don't give rise to any additional and
20 independent right to payment because objections that a
21 creditor raises to confirmation do not in and of themselves
22 give rise to additional independent rights to payment. They
23 are simply confirmation of objections which Mr. Hein was
24 entitled to and did bring prior to confirmation, and which he
25 is now entitled to bring before the First Circuit.

1 Thank you, Your Honor.

2 THE COURT: Thank you, Ms. Stafford.

3 Good morning, Mr. Hein. Good morning, Mr. Hein. Can
4 you hear me?

5 MR. HEIN: Yes, I can. Thank you, Your Honor.

6 Your Honor, in light of time constraints, I want to
7 focus my argument on a concession in COFINA's brief opposing
8 my Motion to Compel, and also on the merits arguments that
9 COFINA advanced in its Reply filed last week. But first a
10 couple of quick points on jurisdiction.

11 One, if there's really no subject matter jurisdiction
12 here as COFINA recently claimed, then the Court is powerless
13 to act on COFINA's efforts to disallow my claim. COFINA
14 cannot have it both ways, selectively invoking subject matter
15 jurisdiction to press for judicial relief to disallow my
16 claim, but then argue lack of subject matter jurisdiction
17 precludes the Court from considering my responses to their
18 efforts to disallow and from acting on my Motion to Compel
19 Discovery. Also --

20 THE COURT: Well, it seems to me -- Mr. Hein, may I
21 just interject?

22 MR. HEIN: Yes.

23 THE COURT: It seems to me that your arguments in
24 response to their effort to disallow your claim essentially go
25 to attacks on the Confirmation Order and on the Disclosure

1 Statement. And so in order to give you relief, I would have
2 to decide that there was something wrong with the Plan that
3 was confirmed and/or with the Disclosure Statement that
4 preceded that Plan.

5 The validity and integrity and propriety of the Plan
6 and the Disclosure Statement are the matters that you have
7 appealed, and others have appealed, to the First Circuit. And
8 so I -- and I don't see how I could have jurisdiction to grant
9 you relief changing the Plan.

10 The issue raised by the objection to your claim is
11 based on duplication of the underlying economic assertion of
12 economic right, and so that doesn't seem to me to be a
13 tit-for-tat or parallel situation in terms of jurisdiction.
14 So if I've missed something there, perhaps you can help
15 straighten me out.

16 MR. HEIN: Sure. So first, just -- it was Mr. Rosen
17 who back in April told Your Honor that COFINA's objection to
18 my claim and my appeal were totally distinct issues. And
19 Mr. Rosen was responding to my reference to the pendency of
20 the appeal and my suggestion in April that the issue with
21 disallowance of my claim be deferred until after the First
22 Circuit rules.

23 But then turning to the question of the substance
24 here in terms of my constitutional claims, as Your Honor
25 recognized in your ruling in April, my constitutional claims

1 are based on different grounds than the Bank of New York claim
2 on the bonds. And my constitutional claims, including my
3 takings claim, seek a different measure of compensation than a
4 claim under the bonds.

5 It's the COFINA argument that PROMESA allows
6 truncating and abrogating a lien, and also that rights to
7 bonds or interests are cut off on the date their Title III is
8 filed. Compensation required by the Fifth Amendment must be a
9 fair and perfect equivalent for the property taken. That's
10 the *Monongahela Navigation* case, 148 U.S. 312, at 326, 1893.

11 And then last June, the Supreme Court decided the
12 *Knick* case where they reiterated that the Fifth Amendment
13 provides a right to full compensation that arises at the time
14 of taking. So I think the measure of recovery is greater on
15 the constitutional claim. In addition, the constitutional
16 claim is not dischargeable.

17 I dispute that PROMESA commands the retroactive
18 destruction of property rights. In fact, PROMESA provides
19 that a fiscal plan shall respect lawful liens, and that's
20 spelled out in Section 2141(B)(1)(n).

21 And in *Security Industrial Bank*, the Supreme Court
22 said, a Court should construe statutes to avoid the
23 constitutional question. And there, the Supreme Court said,
24 no bankruptcy law should be construed to eliminate property
25 rights which existed before the law was enacted in the absence

1 of an explicit command from Congress.

2 And here I would submit that would mean one should
3 construe PROMESA to require that lawful liens be protected to
4 avoid the constitutional issue. COFINA referenced Your
5 Honor's decision in the *Altair* case, the *ERS* case, which has
6 been partially vacated, but there Your Honor found the
7 creditors' interests were unperfected, invalid and
8 unenforceable. Your Honor, in a footnote, said you weren't
9 reaching the takings issue.

10 In any event, if PROMESA is construed to allow the
11 retroactive abrogation of property rights, then the
12 Constitution must prevail over PROMESA. And *Security*
13 *Industrial Bank* was -- expressed that the bankruptcy power is
14 subject to the Fifth Amendment's prohibition against taking
15 private property without compensation. The Court in *Security*
16 *Industrial Bank* discussed and cited with approval its earlier
17 decision in *Louisville Joint Stock Land Bank* where the Court
18 held a bankruptcy statute was void because it effected a
19 taking of substantive rights and specific property acquired
20 prior to the enactment of the statute.

21 Now, even in cases under Chapter Nine, where the
22 courts were dealing with a pre-existing Chapter Nine regime,
23 *City of Detroit*, and thus the retroactivity issue was not
24 presented in *City of Detroit*, the Court there ruled that
25 discharging takings claims would violate the Fifth Amendment.

1 The Takings Clause claims must be excepted from discharge.

2 COFINA cites *City of Stockton*. That was also in the
3 Chapter Nine context, and it was discussing a situation where
4 the claim accrued after the Bankruptcy Code was enacted. And
5 the Court there was -- expressed that it was dealing with a
6 claim that arose after the Bankruptcy Code was enacted. Here,
7 of course, Your Honor, the situation is just the opposite.
8 But beyond that, the *Stockton* Court also made the point that
9 the claim before it was simply an unliquidated and unsecured
10 monetary claim. There was no property interest.

11 COFINA has argued *Penn Central*, and respectfully, I
12 don't think this case should be analyzed under the regulatory
13 takings under *Penn Central*. I think *Armstrong*, which involved
14 the taking of a lien, provides the correct analysis. *Horne*, a
15 2015 Supreme Court case, also underscores that *Penn Central*
16 does not apply and that the Constitution protects against the
17 taking of personal property or intangibles.

18 The statement in the *Security Industrial Bank* case,
19 that lien avoidance under 552(f) fits, but awkwardly, into the
20 analytical framework employed in *Penn Central*, I think that,
21 fairly read, does not support applying *Penn Central* here. And
22 indeed, in *Penn Central*, the regulation did not interfere with
23 *Penn Central's* primary expectation concerning use.

24 Here, there was an existing lien that was released.
25 And then there's been much emphasis here, Your Honor, on the

1 class five vote. And while I dispute that a vote can overcome
2 my Constitutional rights, I would submit that the question is
3 whether the rationale for the Puerto Rico preference that
4 induced thousands of Puerto Rico bondholders to opt out of
5 class five and support the Plan, that -- the rationale was
6 argued that one needed to maximize the tax exempt bonds to
7 mainland people. That was the rationale for the Puerto Rico
8 preference.

9 And this gets to my discovery motion, but
10 respectfully, Your Honor, I think that it will become evident
11 where the discovery provided that the rationale for the Puerto
12 Rico preference was contrived all along. There was this
13 application for a private letter ruling or closing agreement
14 submitted in December of 2018. That was not disclosed to the
15 Court. It was not disclosed to individual bondholders. It
16 was not before the Court at the time of the confirmation
17 hearing.

18 If Your Honor has questions, I'd be pleased to
19 address them.

20 THE COURT: Thank you. You've been very
21 comprehensive.

22 MR. HEIN: Thank you.

23 THE COURT: Ms. Stafford.

24 MS. STAFFORD: Good morning again, Your Honor.

25 I think that each of the points that Mr. Hein just

1 raised with respect to the Takings Clause issues and the
2 issues related to the recoveries that were offered to Puerto
3 Rico investors are -- simply highlight the fact that each of
4 the arguments that Mr. Hein is raising in support of his
5 alleged additional independent right to payment are simply
6 wrapped up in confirmation and in disclosure statement issues,
7 all of which, again, Your Honor, are before the First Circuit
8 at this time.

9 Again, Your Honor, each of these issues are simply
10 confirmation issues that were raised by Mr. Hein prior to
11 confirmation of the Plan, and it would simply turn the
12 bankruptcy process on its head if Mr. Hein were entitled to
13 take second and third bites of the apple of the Confirmation
14 Order through his claim objection. His claim objection -- I'm
15 sorry. Through his claim and through our objection to his
16 claim.

17 He's demonstrated no independent or additional rights
18 to payment beyond the bond that he -- the bonds that he owned
19 and to which he already has received the payments that he was
20 entitled to receive under the Plan. The additional legal and
21 statutory arguments that he wishes to make, he had the
22 opportunity to make them; he made them; and he will be making
23 them again before the First Circuit, I'm sure.

24 Thank you, Your Honor.

25 THE COURT: Thank you.

1 I would ask that everyone just bear with me as I sit
2 here for a couple of minutes and reflect further on what I've
3 heard, and I expect to be able to make my ruling in just a few
4 minutes. So let's just all sit quietly.

5 Thank you for your patience. I will now make my oral
6 ruling in respect of the outstanding aspect of the 13th
7 Omnibus Objection to -- of COFINA to Duplicate Bond Claims,
8 which is docket entry number 4417 in case 17-3283. I'll refer
9 to it as the 13th Omnibus Objection, and specifically,
10 COFINA's Objection against the Proof of Claim filed by
11 Mr. Peter Hein, which is Proof of Claim 10701.

12 Mr. Hein opposes the objection to his claim in a
13 series of filings that are detailed in the Agenda for today's
14 proceeding. The Court has reviewed all of the relevant
15 submissions thoroughly.

16 After hearing argument from both Mr. Hein and counsel
17 to the Oversight Board at the April 24th, 2019, Omnibus
18 hearing, the Court disallowed Mr. Hein's claim in part as
19 duplicative of a Master Proof of Claim filed by Bank of New
20 York Mellon and Ordered supplemental briefing with respect to
21 Mr. Hein's claims premised on other theories, such as a
22 broader set of rights and claims under the Constitutions of
23 the United States and Puerto Rico. The Court has considered
24 carefully and thoroughly the supplemental filings of both
25 parties, and has listened carefully to the arguments here

1 today.

2 The issues raised in Mr. Hein's most recent briefing
3 filed as docket entry numbers 7211 and 8427 in case 17-3283
4 relate to the COFINA Plan process, including allegations that
5 the Disclosure Statement misrepresented certain tax matters;
6 failed to disclose matters regarding the Bonistas; and
7 misrepresented the amounts that individual bondholders could
8 expect to receive; and that the plan improperly provided
9 special benefits to participating negotiators.

10 Mr. Hein also asserts a number of constitutional and
11 statutory objections to the COFINA Plan which have already
12 been considered and rejected by this Court. Mr. Hein and
13 others have appealed this Court's constitutional
14 determinations, and those appeals are currently pending before
15 the First Circuit.

16 The Court concludes that any element of Mr. Hein's
17 claim that was not literally duplicative of the text of the
18 Bank of New York Master Proof of Claim is nonetheless
19 duplicative of that Master Proof of Claim because both seek to
20 realize rights to payment under the same instruments, the
21 subordinated bonds.

22 The Court declines to address Mr. Hein's arguments
23 related to the sufficiency of preconfirmation disclosures, the
24 legality of the COFINA Plan and the confirmation process,
25 including his constitutional and statutory objections to the

1 COFINA Plan. All of those arguments are currently before the
2 First Circuit as part of Mr. Hein's pending appeal of this
3 Court's Amended Confirmation Memorandum, Amended Confirmation
4 Order and Disclosure Statement Order. And the Court,
5 therefore, lacks jurisdiction to consider the wide ranging
6 challenges to the COFINA Plan, the Disclosure Statement, and
7 the confirmation process that Mr. Hein has raised in
8 opposition to the objection to his Proof of Claim.

9 See *Griggs v. Provident Consumer Discount Company*,
10 459 U.S. 56, at page 58, a 1982 Supreme Court decision from
11 which I quote. The filing of a Notice of Appeal is an event
12 of jurisdictional significance. It confers jurisdiction on
13 the Court of Appeals and divests the District Court of its
14 control over those aspects of the case involved in the appeal,
15 closed quote.

16 In light of the pending appeals, the Court could not
17 grant the relief that Mr. Hein seeks even if it were persuaded
18 that his arguments have merit, nor can I reject COFINA's
19 subject matter jurisdiction argument as untimely. The issue
20 of subject matter jurisdiction cannot be waived. In any
21 event, Mr. Hein's arguments are not responsive to COFINA's
22 pending objection based on the duplication of Bank of New York
23 Mellon's Master Proof of Claim.

24 To the extent that Mr. Hein's arguments regarding the
25 splintering of distributions pursuant to the Plan or any rate

1 of return differential upon the exchange of bonds distributed
2 under the Plan relate to implementation of the Plan, they are
3 outside the scope with COFINA's objection to Mr. Hein's
4 prepetition claim and are not currently the subject of any
5 other pending litigation before this Title III Court. The
6 Court, therefore, declines to address such arguments as well.

7 The 13th Omnibus Objection, which is docket entry
8 number 4417, is resolved as follows. It is sustained as to
9 any remaining aspects of Mr. Hein's Proof of Claim number
10 10701, which are merely different legal arguments in support
11 of the same claim for payment under the same bonds that are
12 the subject of the Bank of New York Mellon Master Proof of
13 Claim.

14 Given that there is now no litigation pending before
15 the Court to which the discovery Mr. Hein seeks is relevant,
16 Agenda Item III.6, which is Mr. Hein's Motion to Compel, will
17 not be heard today and will be denied as moot.

18 The Court will enter an Order sustaining the portion
19 of COFINA's objection to Mr. Hein's claim that was not
20 resolved by the Order filed in May, 2019, as docket entry
21 number 7113, and denying Mr. Hein's Motion to Compel, which is
22 docket entry number 8487 in case 17-3283 as moot. Thank you.

23 We will now go to Agenda Item III.2, which is the
24 Commonwealth's 60th Omnibus Objection to Claims.

25 MS. STAFFORD: Thank you, Your Honor. Laura Stafford

1 again on behalf of the Oversight Board.

2 The 60th Omnibus Objection to Claims seeks to
3 disallow 11 proofs of claim that fail to comply with the
4 applicable rules for filing a claim by not providing a basis
5 for asserting a claim against the Commonwealth. These claims
6 purport to be based on one or more bonds, but fail to either
7 identify or provide enough information to allow the debtor to
8 identify the bonds allegedly at issue.

9 Only one Response was filed by the UBS Trust Company
10 of Puerto Rico. That's ECF number 8287, Proof of Claim number
11 65124. That Response states that Proof of Claim number 65124
12 was amended by the claimant.

13 And respectfully, Your Honor, we would submit that
14 the amended -- the original claim should therefore be
15 disallowed in light of the subsequent amendment because Proof
16 of Claim number 65124 was amended by Proof of Claim number
17 169959.

18 We would request the Court grant the objection as to
19 the claim that was the subject of UBS Trust Company's filing
20 and disallow that claim as having been subsequently amended
21 and superseded --

22 THE COURT: Slow down just a little.

23 MS. STAFFORD: Sorry. As having been subsequently
24 amended and superseded by the filing of an amended claim, and
25 that the Court otherwise sustain the remainder of the

1 objection.

2 THE COURT: Did anyone wish to be heard for UBS?

3 (No response.)

4 THE COURT: The Court has considered the written
5 filings carefully. The objection is sustained.

6 An amended claim replaces the original claim, and the
7 original claim must therefore be stricken to avoid
8 duplication. The original claim is disallowed as amended and
9 superseded by the amended claim, and the Court will enter an
10 Order overruling this Response and sustaining the 60th Omnibus
11 Objection in its entirety.

12 MS. STAFFORD: Thank you, Your Honor.

13 The next item on the Agenda is the 62nd Omnibus
14 Objection. And I did just want to pause and confirm whether
15 any translators were needed for this objection, and if so,
16 whether anyone was available.

17 THE COURT: So this is the objection relating to the
18 Proof of Claim of Mr. Manuel Torres Diaz, who I understand is
19 here.

20 Mr. Torres Diaz, are you comfortable speaking in
21 English or do you want to use the interpreter?

22 MR. TORRES DIAZ: Sure. I'm fine.

23 THE COURT: Okay. He says he's fine to proceed in
24 English. So thank you, sir. So Ms. Stafford will speak
25 first, and then I'll invite you to the podium.

1 And the time allocated -- what was the agreement on
2 time?

3 MS. STAFFORD: I believe we've agreed to -- we were
4 happy to split our time equally with Mr. Torres Diaz.

5 THE COURT: So that was out of 15 minutes, that each
6 of you would get seven and a half?

7 MS. STAFFORD: That's correct.

8 MR. TORRES DIAZ: I don't need that much.

9 THE COURT: Okay. Mr. Torres Diaz says he doesn't
10 need that much, and I assume you don't need that much either.

11 MS. STAFFORD: I certainly hope not.

12 THE COURT: So we'll just proceed.

13 MS. STAFFORD: The 62nd Omnibus Objection seeks to
14 disallow 393 proofs of claim that seek recovery for amounts
15 for which the Commonwealth is not liable because the claims
16 were released and extinguished pursuant to the transactions
17 consummated through the qualifying modification for the
18 Government Development Bank of Puerto Rico.

19 Mr. Torres Diaz's Response simply states that the
20 debt was incurred under the guidelines established by the
21 Puerto Rico Constitution, and that the Court cannot go against
22 the Puerto Rico Constitution. This Response does not dispute,
23 however, that the claimant owns GDB bonds that were subject to
24 the qualifying modification which this Court has already
25 approved, or the fact that pursuant to the qualifying

1 modification, the claimant should already have received new
2 securities in exchange for the cancellation of his previous
3 bonds.

4 The Response also does not dispute that pursuant to
5 qualifying modification, the Commonwealth's guarantee of GDB's
6 bonds has been extinguished and, therefore, the Commonwealth
7 is not liable for the bonds. Therefore, we request the Court
8 sustain the objection and disallow the claim, but I will allow
9 Mr. Torres Diaz to speak.

10 THE COURT: Thank you. Mr. Torres Diaz, will you
11 come now to the podium?

12 MR. TORRES DIAZ: Yes.

13 THE COURT: Good morning, sir.

14 MR. TORRES DIAZ: Good morning.

15 First of all, I would like to apologize for any
16 errors I make. I am not a lawyer. I am just a private
17 citizen.

18 I object to the Omnibus objective that would
19 eliminate all creditors from the list of claims against the
20 Commonwealth. I believe that the debt incurred did not follow
21 the guidelines of the Constitution and the guarantees that the
22 Constitution gives us when we decide to purchase that.

23 The qualifying modification I also believe did not
24 fully satisfy the Constitution guidelines. I know in
25 bankruptcy there's always -- creditors are the ones that end

1 up losing. The reason I object to this Omnibus Objection is
2 that I think more could have been achieved to satisfy the
3 creditors.

4 They gave us 55 percent for our -- it was the
5 modification they got. I think that they could have given us,
6 for example, tax credits to be used on the amount that was
7 lost. It doesn't necessarily have to -- the Commonwealth
8 doesn't have to reimburse or pull out that money, you know,
9 but at least it gives us a little relief, at least for those
10 of us who were counting on this for retirement.

11 And that's why I object that they eliminate the
12 creditors, so we won't be able to request any other relief or
13 payback from our investments. I don't know if that makes
14 sense, but --

15 THE COURT: Yes. I understand what you're saying.

16 MR. TORRES DIAZ: So that's it.

17 THE COURT: Thank you, sir. And thank you for coming
18 to court today.

19 Ms. Stafford, do you wish to respond?

20 MS. STAFFORD: Yes, Your Honor, just briefly.

21 We are very mindful of the concerns that Mr. Torres
22 Diaz has raised, as well as the concerns that have been raised
23 by many claimants throughout this process. But as we noted in
24 the Objection, and as I stated earlier, the qualifying
25 modification has already been approved. And pursuant to that,

1 the Commonwealth's guaranty of bonds has been extinguished,
2 and as a result, there is no longer any liability for the
3 Commonwealth with respect to those bonds.

4 So although we are very mindful of the concerns and
5 of the impact of these proceedings upon claimants like
6 Mr. Torres Diaz, unfortunately we still believe the objection
7 should be sustained and the claims should be stricken from the
8 register.

9 THE COURT: And correct me if I'm wrong, but I do
10 recall that there was some extensive discussion and
11 consideration by me of objections at the time when the
12 qualifying modification was submitted as to the elimination --
13 as to the release provisions. And there were either formal or
14 informal submissions that made suggestions such as tax credits
15 that wouldn't involve a cash outlay at the time, and that
16 those were considered by the proponents of the qualifying
17 modification in formulating the proposals and in the overall
18 context of the situation that Puerto Rico faces. And I did
19 ultimately make a ruling approving the qualifying modification
20 with the release provisions.

21 Is that -- is my recollection correct? There's so
22 much that's gone on, I don't always remember perfectly what
23 I've heard in connection with particular controversies, but I
24 certainly am aware and was aware of the importance and the
25 depth of the sorts of concerns that Mr. Torres Diaz has

1 brought forward.

2 MS. STAFFORD: Correct, Your Honor.

3 THE COURT: Thank you.

4 I have considered carefully the submissions and the
5 arguments here in court today. The Objection to the Proof of
6 Claim is sustained, and the claim is disallowed pursuant to
7 the release provisions of the GDB qualifying modification,
8 which was approved by the Court in November of 2018 and cannot
9 be revisited through this objection motion practice.
10 Therefore, the 62nd Omnibus Objection is sustained in its
11 entirety and an Order will be entered.

12 MS. STAFFORD: Thank you, Your Honor.

13 THE COURT: Thank you.

14 MS. STAFFORD: I move on to the 64th Omnibus
15 Objection. This is an objection of the Commonwealth seeking
16 to disallow 210 claims for which the Commonwealth is not
17 liable. Each of these claims purports to be based on
18 investments in one or more mutual funds, which in turn may
19 have invested in bonds issued by the Commonwealth. However,
20 the investors in these mutual funds themselves have only a
21 derivative claim against the Commonwealth, and accordingly,
22 lack standing to assert a direct claim against the
23 Commonwealth.

24 Thirteen Responses were filed to this Objection.
25 I'll begin with the first of them that is on the Agenda filed

1 by Mr. Ernesto Rodriguez Rodriguez and Ms. Gloria L. Diaz
2 Lopez.

3 THE COURT: Now, Ms. Diaz Lopez is here.

4 Ms. Diaz Lopez, are you comfortable proceeding and
5 listening in English?

6 MS. DIAZ LOPEZ: Yes. I have a written position if
7 Your Honor will let me do it. It's short.

8 THE COURT: Thank you. I shall, after I hear from
9 Ms. Stafford.

10 MS. STAFFORD: Okay. This Response states that the
11 General Obligation Bonds owned by the mutual funds in which
12 claimant invested were issued in 2003, 2005 and 2006, and not
13 challenged GO Bonds, which we understand to be a reference to
14 objections that were filed by the Special Claims Committee.

15 This Objection, however, seeks to disallow the
16 claimant's claim on the basis that the claimant is seeking to
17 assert a claim directly against the Commonwealth, even though,
18 if any claim exists against the Commonwealth, it's properly
19 asserted only by the mutual funds in which the claimant has
20 invested.

21 Accordingly, the fact that the bonds are not a part
22 of the Special Claims Committee's Objection is not relevant to
23 the determination of the objection here today. And because
24 the claimant does not dispute that the claim arises from
25 investments made in mutual funds or that the claimant lacks

1 standing to assert a direct claim against the Commonwealth
2 arising from those investments, the Commonwealth respectfully
3 requests the Court disallow the claim, notwithstanding the
4 Response. And I'll step aside.

5 THE COURT: Thank you.

6 Ms. Diaz Lopez, would you come now to the podium?

7 MS. DIAZ LOPEZ: Thank you.

8 THE COURT: Thank you. Good morning and thank you
9 for coming to court.

10 MS. DIAZ LOPEZ: Good morning. Good morning, Your
11 Honor, Honorable Court, Financial Supervision and Management
12 Board (sic) members. It's to --

13 THE COURT: It's fine. Take your time.

14 MS. DIAZ LOPEZ: Financial Supervision and Management
15 Board members, if any, Puerto Rico Fiscal Agency members, if
16 any, distinguished lawyers and visitors.

17 My name is Gloria L. Diaz Lopez. I am a 66-year-old
18 retired medical doctor. I also have been a widow for the past
19 five years. I was married for almost 34 years to Dr. Ernesto
20 Rodriguez Rodriguez, whose name appears as number 173 in page
21 32 of the Annex A of the 64th Global Objection of Puerto Rico
22 to claims based on mutual funds investment.

23 Over the years, we started to plan our retirement,
24 including a trust under the name of Ernesto Rodriguez
25 Rodriguez and Gloria L. Diaz Lopez, co-trustees for FBO

1 Rodriguez Diaz, in order to insure our assets as much as
2 possible. In that trust, we both appear as trustors and
3 fiduciaries and trustees.

4 We decided to invest our assets through Santander
5 Securities, with Mr. Rafael David Rodriguez as the financial
6 advisor. Coincidentally, Mr. Carlos M. Garcia, a member of
7 the Financial Supervision and Management Board of Puerto Rico,
8 worked at Santander Securities Corporation as president and
9 CEO from 2001 to 2005.

10 My husband and I both decided to invest in our
11 country, Puerto Rico. Because of that, we invested in
12 different Puerto Rico Government instrumentalities, including
13 General Obligation Bonds, content in three different mutual
14 funds, with the respective tax advantage opportunities for the
15 years 2003, 2005 and 2006.

16 At the same time, those mutual funds were contained
17 in the Trust Rodriguez Diaz previously mentioned, for which we
18 were both trustors, fiduciaries and trustees. The
19 considerable amount mentioned in Annex A of the global
20 objection was the product of years of hard and dedicated work
21 invested in instrumentalities of the Government of Puerto Rico
22 with the aim of having a worthy retirement.

23 In the case of COFINA bonds, a restructuring was
24 approved in May of 2019. As holders of subordinated bonds, we
25 received a revalorization of 53 cents per dollar invested

1 after almost three years of interest nonpayment. In the case
2 of General Obligation Bonds, there has been -- there has been
3 no restructuring plan up to now, as far as I am concerned.

4 In our case, the Rodriguez claim, the total
5 cancellation or elimination of the amount of money mentioned
6 on Annex A, a product of years of hard and committed work, is,
7 in my opinion, with all due respect to Your Honor and this
8 Honorable Court, unfair.

9 We have full conviction of the legality and
10 constitutionality of the GOs emitted in 2003, 2005 and 2006;
11 and I do not think it is fair to declare those General
12 Obligation Bonds as illegitimate, because they are contained
13 in the mutual funds previously mentioned and, therefore, are
14 under the protection of a trust constituted legally, of which
15 we were both trustors, fiduciaries and trustees.

16 The mutual funds have no voice of their own. We, as
17 individuals, were the ones who finally invested our money in
18 those Commonwealth bonds in good faith, and as individuals,
19 trustors, trustees feel committed in raising our voice,
20 demanding justice.

21 Thank you very much, Your Honor, and thank you to
22 this Honorable Court for the unique opportunity to express
23 myself. Thank you very much.

24 THE COURT: Thank you, Dr. Diaz Lopez.

25 Ms. Stafford.

1 MS. STAFFORD: I want to reiterate again the concern
2 that we all have for the impact of these matters upon the many
3 claimants that we deal with. But I do want to reiterate that
4 the basis of this objection to this claim that was filed is
5 that the claimant was an investor in a mutual fund, and that
6 investment in the mutual fund does not give the standing to
7 assert a claim directly against the Commonwealth.

8 And so not withstanding our concern about the impact
9 of these issues upon the claimants, I would submit again that
10 this claim should still be disallowed in light of the fact
11 that it is an investment in a mutual fund.

12 THE COURT: And for clarity, the Objection to this
13 claim is different from the issues that have been raised about
14 the validity of the General Obligation Bonds. This Objection
15 to this claim is not an assertion that the trust of Dr. Diaz
16 Lopez and her husband should not ever get anything in respect
17 of the bonds. That question of what should be paid on the
18 bond is separate.

19 Your objection is that because the bonds were held by
20 a mutual fund, which is a legal entity, that legal entity, the
21 mutual fund, is the one that needs to pursue any rights. And
22 people who owned interest in the mutual fund, like this trust,
23 can't jump over the mutual fund and assert that claim for the
24 bonds themselves.

25 Do I correctly understand the objection?

1 MS. STAFFORD: That's precisely correct, Your
2 Honor.

3 THE COURT: Okay. Thank you.

4 And so I've considered carefully the submissions and
5 the remarks made in court today, and I sustain the Objection
6 as to the Rodriguez-Diaz Lopez claim. And I am disallowing
7 that claim because the bonds in question were held by the
8 mutual fund as the owner of the bonds in which the investment
9 was made. So a claim regarding the bonds and any opposition
10 to the separate arguments about the validity of bonds are for
11 the mutual fund, which is a legal entity and can speak and can
12 make submissions in court and arguments in court.

13 It is for the mutual fund to make, and the trust
14 itself and the trustees lack what we call "standing" to assert
15 a claim directly based on those bond investments. And so
16 ultimately, whatever is to be received on those bonds will
17 come to the trust through the mutual fund. And so this direct
18 claim is disallowed.

19 Thank you. I hope that makes things a little bit
20 clearer.

21 MS. STAFFORD: Thank you, Your Honor.

22 THE COURT: You may continue.

23 MS. STAFFORD: The next Response on the Agenda was
24 filed by Mr. Jesus Librada Sanz. It's ECF number 855 -- 8555
25 and Proof of Claim number 61126. Mr. Librada Sanz's original

1 Proof of Claim contains information regarding an investment in
2 a mutual fund. And as we discussed in the Objection,
3 Mr. Librada Sanz's investment in a mutual fund, which may
4 itself have invested in bonds issued by the Commonwealth, does
5 not give Mr. Librada Sanz standing to assert a direct claim
6 against the Commonwealth.

7 In the Response, Mr. Librada Sanz also states that he
8 had invested in a bond issued by ERS bearing CUSIP number
9 29216MBL3. That CUSIP number is an ERS Series C bond and is
10 associated with a Master Proof of Claim, Proof of Claim number
11 32004, which was filed by the Bank of New York Mellon against
12 the Commonwealth on behalf of ERS bondholders.

13 To the extent that the claimant seeks to assert
14 liabilities associated with investments and mutual funds, the
15 claimant lacks standing to do so, and failure to disallow the
16 claim could result in Mr. Librada Sanz receiving an
17 unwarranted double recovery against the Commonwealth. And to
18 the extent that claimant is seeking to assert liabilities
19 associated with this ERS bond, that bond is duplicative of a
20 Master Proof of Claim, and any failure to disallow the claim
21 could also result in Mr. Librada Sanz receiving an unwarranted
22 double recovery against the Commonwealth.

23 In light of the fact that Mr. Librada Sanz is either
24 asserting an investment in a mutual fund or an investment in
25 an ERS bond, I would respectfully request the Court disallow

1 the claim and grant the Omnibus Objection with respect to
2 Mr. Librada Sanz's claim.

3 THE COURT: Thank you. Is Mr. Librada Sanz here?

4 (No response.)

5 THE COURT: All right. I need to ask you to help me
6 make sure that I understand what you understand about the
7 nature of his holdings.

8 MS. STAFFORD: Yes.

9 THE COURT: So is it that he may have held directly
10 an ERS security that's the subject of a master proof of claim?
11 And if that's the case, it's duplicated by the master proof of
12 claim, and he may also have had an interest in ERS securities
13 held through a mutual fund?

14 MS. STAFFORD: We understand that he may hold an ERS
15 bond which is duplicative of a master proof of claim, and that
16 he also holds an investment in a mutual fund. And it's not
17 clear what investments that mutual fund has made in bonds that
18 may have been issued by the Commonwealth.

19 But respectfully, regardless of what investments that
20 mutual fund may have made, it wouldn't permit Mr. Librada Sanz
21 to file a direct claim against the Commonwealth in respect to
22 bonds held by that mutual fund.

23 THE COURT: And as to the bond for which we have a
24 CUSIP number and it is, you say, subject to the master proof
25 of claim, we looked on Prime Clerk and apparently the backup

1 is so voluminous that not everything is on Prime Clerk. So my
2 chambers was not able to verify independently that there was a
3 match between his claimed CUSIP number and the Master Proof of
4 Claim.

5 So can you reassure me today that you have looked at
6 the documentation and it does match up?

7 MS. STAFFORD: We have. And I would invite -- I know
8 Jay Herriman is here as well, if he knows -- if he has also
9 looked at this claim -- I'm happy to also provide the Court
10 with an informative motion if that would be preferable for
11 Your Honor.

12 THE COURT: That would make everything very clear as
13 a matter of record.

14 MS. STAFFORD: Yes.

15 THE COURT: So if you'd supplement in that way, I
16 would be grateful.

17 And so assuming that that confirming supplement is
18 received as to the bond directly held, the ERS bond for which
19 there's a CUSIP number, and based on the fact that any
20 remainder of the claim is in respect of a mutual fund
21 investment, the Motion to Disallow the Claim is granted. And
22 I will expect the supplementation before I sign an Order on
23 this one.

24 MS. STAFFORD: Of course, Your Honor.

25 THE COURT: Thank you.

1 MS. STAFFORD: The next Response on the Agenda was
2 also filed by Mr. Jesus Librada Sanz. It is ECF number 8556
3 and addresses Proof of Claim number 49803.

4 This Response states only that the Commonwealth's
5 inability to pay its debts has caused Mr. Librada Sanz to feel
6 frustration and anxiety. And the Commonwealth again is deeply
7 mindful of the concerns that Mr. Librada Sanz raises.
8 However, the Response does not dispute the fact that Mr.
9 Librada Sanz lacks standing to assert a direct claim against
10 the Commonwealth in respect of his mutual fund investments.
11 And accordingly, the Commonwealth requests the Court grant the
12 Objection and disallow the claim in respect of mutual funds
13 owned by Mr. Librada Sanz.

14 THE COURT: The Objection is sustained.

15 MS. STAFFORD: Thank you, Your Honor.

16 The next Response on the Agenda was filed by the
17 bankruptcy estate of Romualdo Rivera Andrini. This is ECF
18 number 8562 and Proof of Claim number 18331.

19 This Response asserts that the Commonwealth has
20 failed to substantiate its burden to demonstrate that the
21 claim is not valid because the Commonwealth has not identified
22 a proof of claim filed by the mutual funds in which the
23 claimant has invested.

24 Whether the mutual funds into which the bankruptcy
25 estate invested filed proofs of claim is not relevant,

1 | however, because, as a mutual fund investor, the bankruptcy
2 | estate itself lacks standing to assert a direct claim against
3 | the debtor in any event.

4 | Nevertheless, the Commonwealth has identified in its
5 | Reply Proofs of Claim filed by the mutual funds in which the
6 | bankruptcy estate invested, and those Proofs of Claim
7 | demonstrate that there's a risk of an unwarranted double
8 | recovery if the claim is not -- the direct claim that was
9 | filed by the bankruptcy estate is not disallowed. And
10 | accordingly, the Commonwealth requests the Court grant the
11 | Objection and disallow the claim.

12 | THE COURT: The Objection is sustained because the
13 | holding is one through a mutual fund as to which there is no
14 | standing to assert a direct claim.

15 | MS. STAFFORD: Thank you, Your Honor.

16 | The next Response on the Agenda was filed by the
17 | Noreen Wiscovitch Retirement Plan. This Response also asserts
18 | that the Commonwealth has failed to substantiate its burden to
19 | demonstrate that the claim is not valid because the
20 | Commonwealth has not identified a proof of claim filed by the
21 | mutual funds in which the claimant has invested. And for the
22 | same reasons as with respect to the bankruptcy estate's claim
23 | that we just dealt with, this retirement plan, as a mutual
24 | fund investor, lacks standing to assert a direct claim against
25 | the debtor.

1 However, the Commonwealth has also identified in its
2 Reply Proofs of Claim filed by the mutual funds into which the
3 retirement plan invested, which again demonstrates a risk of
4 an unwarranted double recovery if the retirement plan's claim
5 is not disallowed. So we would request the Court grant the
6 Objection and disallow this claim as well.

7 THE COURT: The Objection is sustained and the claim
8 which is based on a mutual fund -- I'm sorry. Did you wish to
9 respond?

10 MS. WISCOVITCH RENTAS: Yes.

11 THE COURT: I'm so sorry.

12 MS. WISCOVITCH RENTAS: Good morning, Your Honor.
13 Noreen Wiscovitch Rentas. I'm the Chapter 7 Trustee that
14 filed the response to the Omnibus Objection to Mr. Romualdo
15 Rivera Andrini, which was already sustained. And I understand
16 the reasons why it was sustained, but in the case of the
17 Noreen Wiscovitch Retirement Plan, Your Honor, I would like to
18 point out a couple of things.

19 First of all, the two investment funds that are of
20 concern here were related to COFINA. And because of the
21 Response of the debtor, I was able to locate the two Proof of
22 Claims. However, one of the funds that are listed here was
23 liquidated in June 28, 2019, and the liquidation amount is
24 much less than the investment amount. There's a difference of
25 25,219.50. That will not be recovered through any type of

1 liquidation or payment through the COFINA Plan.

2 So I want to point that out to the Court, that not
3 necessarily the statement that the debtor is making, that the
4 claimant will receive double, is correct. It is not because
5 there is some circumstances, like in this one, in which the
6 fund was liquidated before even receiving any type of COFINA
7 funds to them, in which they decided to liquidate to all of
8 the holders of that mutual fund.

9 THE COURT: But did they liquidate by selling the
10 COFINA securities that they had?

11 MS. WISCOVITCH RENTAS: No, Your Honor. I do have
12 some documentation. I did not submit it. I can submit it
13 later on in an informative motion as to the notices that were
14 provided to those that were holding an interest in that
15 particular mutual fund.

16 So I just respectfully request, Your Honor, to allow
17 me some time to provide this additional information so that I
18 can show that there is a claim for at least 25,219.50 that is
19 valid against the estate, the debtor's estate.

20 THE COURT: Thank you. Would you just state your
21 name again for the record? Because I didn't get it.

22 MS. WISCOVITCH RENTAS: Sure. Noreen Wiscovitch
23 Rentas. I'm a Chapter 7 Bankruptcy Trustee in the case prior
24 to, and the POC 18331. And I'm also the trustee in the Noreen
25 Wiscovitch Retirement Fund. Thank you.

1 THE COURT: Thank you.

2 Ms. Stafford, did you wish to respond? And are you
3 agreeable to our adjourning this out so that you can review
4 the documentation that Ms. Wiscovitch Rentas has?

5 MS. STAFFORD: I would be happy to adjourn and permit
6 Ms. Rentas to file her informative motion and evaluate it at
7 that time.

8 THE COURT: Very well then. So we will adjourn this
9 aspect of the Objection to the October Omnibus.

10 MS. STAFFORD: Thank you, Your Honor.

11 THE COURT: Thank you.

12 MS. STAFFORD: The next Response on the Agenda was
13 filed by Alberto Aristizabal Ocampo. It's ECF number 8572 and
14 addresses Proof of Claim numbers 29949, 31904 and 45838.

15 This Response also asserts that the Commonwealth has
16 failed to substantiate its burden to demonstrate that the
17 claim is not valid because the Commonwealth has not identified
18 a proof of claim filed by the mutual funds in which the
19 claimant has invested.

20 Moreover, this Response asserts that an investor in a
21 mutual fund is more akin to a co-owner of the bond. As we
22 stated in our Reply, it is not correct that an investor in a
23 mutual fund co-owns the mutual fund's assets. As with other
24 business associations, the mutual fund is a separate entity
25 from the investor, and the mutual fund, not the investor, owns

1 the bonds that are the mutual fund's assets and, therefore,
2 has a right to assert claims against the Commonwealth in
3 respect to those bonds.

4 And as we noted in our Reply, the Commonwealth has
5 identified in its Reply proofs of claim filed by the mutual
6 funds into which Mr. Aristizabal Ocampo invested, and these
7 proofs of claim demonstrate that there is a risk of
8 unwarranted double recovery if the claim is not disallowed.
9 And so the Commonwealth would request the Court grant the
10 Objection and disallow the claim.

11 And I'll just pause in case against Mr. Aristizabal
12 is here.

13 THE COURT: All right. Is Mr. Aristizabal here?

14 (No response.)

15 THE COURT: I have reviewed the written submissions
16 carefully. The Objection is sustained. Mr. Aristizabal's
17 claims are disallowed. He offers no legal basis for his
18 theory that he should be considered a co-owner of the
19 securities held by the mutual fund, and the legal authorities
20 cited by the Oversight Board in its Reply confirm that a
21 mutual fund is a separate legal entity that owns the
22 investments.

23 He does not dispute that his Proofs of Claim only
24 assert liabilities associated with his investments in mutual
25 funds. Therefore, Mr. Aristizabal lacks standing to assert

1 claims based on those investments which must instead be
2 asserted by the mutual funds directly.

3 MS. STAFFORD: Thank you, Your Honor.

4 The next five Responses were all filed by the same
5 attorney and are identical in form and argument, so with the
6 Court's permission, I would like to address them all at
7 once.

8 THE COURT: Yes.

9 MS. STAFFORD: Thank you, Your Honor.

10 And I did want to point out that one of the Responses
11 appears to address a claim that is not, in fact, on the 64th
12 Omnibus Objection. And we did not address this claim in our
13 Reply, and of course we don't request any action from the
14 Court with respect to this claim at this time.

15 The remaining Responses assert that mutual fund
16 investors may assert direct claims against the Commonwealth
17 because they are co-owners of the bonds and also state that
18 the Commonwealth has failed to substantiate its burden to
19 demonstrate that the claim is not valid because the
20 Commonwealth has not identified a proof of claim filed by the
21 mutual funds in which the claimant has invested.

22 As we just discussed, it is not correct that an
23 investor in a mutual fund co-owns the mutual fund's
24 investments. And again, because the mutual fund is a separate
25 entity from the investor, the mutual fund and not the investor

1 owns the bonds that are the mutual fund's assets.

2 And as we noted in our Reply, the mutual funds into
3 which these investors invested have each filed Proofs of Claim
4 in respect of the bond into which they had invested, which
5 again demonstrates the risk of an unwarranted double recovery
6 if these claims are not disallowed.

7 So accordingly, we request the Court grant the
8 Objection and disallow these claims.

9 THE COURT: Is there anyone here to speak for these
10 claimants?

11 Yes, sir. Good morning.

12 MR. GILMORE: Good morning, Your Honor, court
13 personnel and fellow attorneys. My name is Charles Gilmore,
14 and I'm here in reference to the following. We have six
15 identical objections that were filed, Your Honor, and I'm
16 referring to Items G, H, I, J, K and L. I heard sister
17 counsel reference that one of them should be treated
18 differently, and perhaps that could be specified.

19 We've heard the Court's rulings. We've heard the
20 arguments made up to this point, and so we'll await the
21 Court's ruling on these matters. Each of these Objections was
22 based on ownership of shares in a mutual fund. And so we have
23 been listening carefully, so we'll await the Court's ruling.
24 Thank you.

25 THE COURT: Thank you.

1 Did you want, Ms. Stafford, to clarify for him which
2 one?

3 MS. STAFFORD: I'm happy to do that. And that was --
4 the one that we are not requesting any action from the Court
5 at this time is identified on Item H of the Agenda. It
6 relates to a claim filed by Helvia S. Caparros Santos, and
7 that's ECF number 8601.

8 THE COURT: Thank you.

9 And so again, I've read carefully and listened
10 carefully. I sustain the Objection as to the operative
11 components of this group of claims, and the claims are
12 disallowed for the reasons that I have stated in connection
13 with the Aristizabal claims.

14 These claimants do not dispute that their Proofs of
15 Claim assert liabilities associated with their investments in
16 mutual funds. Therefore, the claimants lack standing to
17 assert claims based on those investments. The claims against
18 the debtors' estates here must instead be asserted by the
19 mutual funds directly.

20 MS. STAFFORD: Thank you, Your Honor.

21 And the final Response that was filed with respect to
22 the 64th Omnibus Objection was filed by Jorge A. Diaz Mayoral
23 and Juan Frau Escudero, ECF number 8646, and addressing Proof
24 of Claim numbers 152470 and 152283.

25 This Response asserts three bases for overruling the

1 objection: One based on Section 501(b) in which the claimant
2 claims -- permits the claimants to file proofs of claim in
3 case the mutual fund did not timely file a proof of claim.
4 And then also the Response asserts that mutual fund investors
5 are co-owners of mutual fund assets, and that the Commonwealth
6 did not identify proofs of claim filed by the mutual funds in
7 which the claimants invested.

8 As we stated in our Reply, Section 501(b), in fact,
9 protects codebtors' rights to file proofs of claim against the
10 debtor in the event that a creditor of both debtors fails to
11 do so. And it exists to protect codebtors, not creditors of
12 creditors, such as the mutual fund investors at issue here.

13 And with respect to the remaining two bases for the
14 Objection, we've addressed them over the course of the last
15 few minutes, but as we've noted, mutual fund investors are not
16 co-owners of the mutual fund's assets, as the mutual fund is
17 its own separate legal entity.

18 And although the Commonwealth did not identify in its
19 Reply proofs of claim filed by the mutual funds in which the
20 claimants invested, that is because the claimants' claim does
21 not specify the mutual funds into which the claimants
22 invested, making it impossible to determine whether or not
23 those mutual funds had filed claims against the Commonwealth.
24 But in any event, as simple investors in mutual funds,
25 there's -- these claimants unfortunately don't have the right

1 to assert a direct claim against the Commonwealth.

2 And I believe that someone is here to respond.

3 THE COURT: Good morning.

4 MS. DIAZ MAYORAL: Good morning, Your Honor, court
5 personnel and persons in the court today. Monique Diaz
6 Mayoral representing Jorge Diaz Mayoral and Juan Frau
7 Escudero.

8 There are only a few things that we want to add to
9 what we already asserted in our Response, and the first one is
10 that we did attach to the Response the statements of the
11 investments which have mutual funds in which they were
12 invested in. They were attachments one and two to the
13 Response.

14 However, we have tried to find in the claims register
15 the claims of those mutual funds, and although some we were
16 able to identify, some we were not able to identify. So these
17 investments in mutual funds could have situations similar to
18 the previous claim of Noreen Wiscovitch Rentas where there
19 might not be duplicative payment because maybe some of these
20 mutual funds did not file proofs of claim.

21 We'd have to verify to be able to identify the mutual
22 funds proof of claim to see if there is going to be
23 duplicative payment or not. And some of those proofs of claim
24 have zero amount in the proof of claim, so there is not
25 necessarily going to be duplicative payment.

1 The second is that we want to add, the two cases that
2 were cited by the Board in the Response are two cases that
3 were not cited in the objection to claims, so that's why we
4 did not respond to those cases in our Response. And we didn't
5 find them in our search because we were searching for cases
6 that specifically had determined that an investor in a mutual
7 fund did not have standing to file a proof of claim, which we
8 did not find, so we thought it was an issue of first
9 impression.

10 But we reviewed the cases cited in the Reply and we
11 are -- we understand that they are not -- they do not decide
12 specifically that an investor in a mutual fund does not have
13 standing to file a proof of claim. They decide other issues,
14 and they look at the nature of the proof of claim as a result
15 of another issue that's being decided.

16 For example, the first case, which is *Community Trust*
17 *Bank Corp.*, that case evaluates the tax treatment for an
18 investor, which in that case was a bank, of losses sustained
19 by the mutual fund when it sold some bonds at a loss. And the
20 Court had to decide if those losses could be considered as
21 ordinary losses as required by the relevant tax statute in
22 order for the bank to be able to claim that as a loss in their
23 tax treatment. And the Court's analysis also did not evaluate
24 mutual funds like the mutual funds at issue here.

25 Attachment number three to our Response is a

1 prospectus of one of the mutual funds that are -- my client's
2 invested in. And the prospectus specifically states that
3 these mutual funds are not subject to the U.S. Investment
4 Company Act of 1940. They are subject to the Puerto Rico
5 Investment Companies Act, which is different, which is one of
6 the arguments in our motion, that the specifics of this
7 Investment Act of Puerto Rico gives the shareholders of the --
8 states that the investment company holds the securities for
9 the benefit of the owners. So that's why we would say that
10 it's slightly different.

11 The second case, which is *Gordon versus Fundamental*
12 *Investors*, examined whether an investor lacks standing to
13 bring suit for alleged violations of proxy rules that caused
14 harm to the mutual fund. And in that case, also it does not
15 examine the issue of standing to file a proof of claim, and it
16 does not examine funds like the funds at issue here ruled by
17 the Puerto Rico Investment Companies Act.

18 But also in that case, the District Court did
19 recognize that there are circumstances where relief will be
20 awarded in favor of shareholders individually rather than the
21 corporation, and held that while a shareholder may sue for
22 violation of a proxy rule, he must, like any other plaintiff,
23 have been effected by his own interest -- in his own interest
24 by the material omission or misstatement to recover on his own
25 behalf -- this is in 362 F. Supp. at 44, 45 -- because,

1 continues the District Court, a shareholder has a direct right
2 to attack a corporate transaction which dilutes his
3 proportional ownership.

4 Again, this is a different issue. Different facts in
5 that case. So even if the Court determines that the
6 individual investors are not co-owners of the bonds, it should
7 evaluate there whether there are beneficial owners under the
8 Puerto Rico Investment Companies Act, which is a fact
9 dependant, case-by-case analysis that cannot be performed on
10 the pleadings alone.

11 And again, as stated in our Response, we reiterate
12 that it is unnecessary to determine the nature of the
13 individual investor's interest in the bonds if they are
14 duplicative of the mutual funds' claims. So for that reason,
15 we ask that we be given time to be able to identify which
16 mutual funds' claims are duplicative of these claims. And if
17 not, we ask that they be disallowed because they are
18 duplicitous and not because they lack standing to file the
19 proof of claim.

20 And the last thing is that we want to clarify that
21 these -- our clients also have other proofs of claim that are
22 not subject to this objection. So the ruling would only apply
23 to the specific proofs of claims in the Objection. That's it.

24 THE COURT: Thank you very much.

25 Ms. Stafford.

1 MS. STAFFORD: Thank you, Your Honor.

2 Certainly any rulings would only apply to the proofs
3 of claim that are subject to the objection and not any others
4 filed by the claimants.

5 I did want to note that none of the case law or
6 authorities that counsel just cited establish that investors
7 in mutual funds have legal title to or are otherwise owners of
8 the assets of the mutual fund. Whether they have the right to
9 assert -- whether shareholders in corporations might have the
10 right to assert certain claims is not the same inquiry as to
11 whether shareholders or investors in mutual funds have legal
12 title to and the right to assert claims with respect to the
13 investments that the mutual fund makes in specific bonds.

14 And so we'd respectfully state that not withstanding
15 counsel's argument, that we would request the Court grant the
16 Objection and disallow the claims.

17 THE COURT: Thank you.

18 And so I have, as always, read and listened
19 carefully. These are, you know, indisputably investments that
20 were made through mutual funds.

21 The cite and section of the Bankruptcy Code, Section
22 501(b), does not authorize mutual fund shareholders to file
23 direct proofs of claim. And the Supreme Court decision in the
24 *American Realty Trust v. Conagra Foods* case cited in the
25 Response, which concerns jurisdiction, also does not provide

1 authority for the filing of a proof of claim by a mutual fund
2 shareholder.

3 The Puerto Rico Investment Company Act provision
4 providing that mutual fund assets are held for the benefit of
5 mutual fund participants also does not establish the mutual
6 fund participants as title owners of the securities entitled
7 to bring claims directly based on the securities. And there
8 has been no representation here that there is any potential
9 injury to the shareholders of the mutual fund that is not the
10 same sort of injury that would be suffered by the mutual fund
11 if the security were not paid.

12 Therefore, I find that there is no standing of the
13 mutual fund shareholders to assert claims based on the mutual
14 fund investors, and the Mayoral, Escudero claims which are
15 specifically listed in the claim objection are disallowed.

16 MS. STAFFORD: Thank you, Your Honor.

17 THE COURT: And so as to the 64th Omnibus Objection,
18 it is sustained, except with respect to the -- and I will sign
19 an Order -- except with respect to the Librada Sanz Responses
20 to which I am looking for further confirmatory documentation,
21 and the Wiscovitch Rentas Response, which has been adjourned
22 to the October Omnibus.

23 MS. STAFFORD: Thank you, Your Honor.

24 THE COURT: Thank you.

25 MS. STAFFORD: Moving to the last of the Omnibus

1 | Objections on the Agenda, this is an objection filed by the
2 | Highways and Transportation Authority to duplicate and
3 | deficient claims. This Objection seeks to disallow three
4 | claims that failed to provide a basis for asserting a claim or
5 | a portion of the claim against HTA.

6 | Each of these claims purports to assert liabilities
7 | associated with bonds issued by another entity that is not one
8 | of the debtors, but fails to comply with the applicable rules
9 | because it does not provide a basis for asserting a claim
10 | against HTA --

11 | THE COURT: Slow down and speak up, please.

12 | MS. STAFFORD: Sorry -- due to bonds not issued by
13 | HTA. Only one response was filed to this objection, and this
14 | was filed by Ms. Aracelia Torres Irizarry. This was filed at
15 | ECF number 8534, and it's Proof of Claim number 10894.

16 | In the Response, claimant stated that she had made
17 | errors in her original claim, but had sent an e-mail to Prime
18 | Clerk including evidence to sustain her claim. The e-mail
19 | that was sent to Prime Clerk was appended to Proof of Claim
20 | number 10894, and that e-mail referenced a brokerage statement
21 | reflecting a bond bearing CUSIP number 745220JYO, which
22 | claimant stated was a PR Highway Bond. CUSIP 745220JYO,
23 | however, is associated with bonds issued by the Puerto Rico
24 | Infrastructure Financing Authority and not by HTA.

25 | PRIFA is not one of the debtors, and the claim does

1 not provide any basis for asserting claims against HTA due to
2 bonds issued by PRIFA. And accordingly, Your Honor, we
3 request the Court grant the Objection and disallow the claim.

4 THE COURT: Is there anyone here that wishes to speak
5 for Ms. Torres Irizarry?

6 (No response.)

7 THE COURT: So I have read carefully the submissions
8 and listened to the argument. The Objection is sustained.
9 The Proof of Claim and supporting documentation show that
10 Ms. Torres Irizarry has claims against PRIFA, which is not a
11 Title III debtor, and ERS, which is a separate Title III
12 debtor. Therefore, the claim asserted in the HTA case is
13 disallowed.

14 I would note that the claim filed in -- separately in
15 the *ERS* case, which is claim number 10814, is not affected by
16 this ruling.

17 Ms. Stafford, we noticed that the additional
18 information that Ms. Irizarry had provided by e-mail to Prime
19 Clerk supporting her claim against ERS has not been matched up
20 with her ERS claim, which is 10814. And so as to avoid
21 further confusion in the future and to have a complete record,
22 I'd be grateful if you'd reach out to Prime Clerk and make
23 sure that they join up the documentation with the 10814 claim.

24 MS. STAFFORD: I would be happy to do that, Your
25 Honor.

1 THE COURT: Thank you very much.

2 MS. STAFFORD: Of course.

3 THE COURT: And so this concludes the Agenda of
4 matters to be addressed on claims objections and all of the
5 matters that I will hear today. There are several adjourned
6 matters, as listed in the Agenda and as supplemented today.
7 The next scheduled hearing date is the Omnibus hearing
8 scheduled for October 30th, 2019, here in San Juan, with a
9 video connection to New York.

10 As always, I thank the Court staff here in Puerto
11 Rico, in New York, and in Boston for their work in preparing
12 for and conducting today's hearing, and their superb ongoing
13 support of the administration of these cases. And I also
14 thank my colleague, Judge Dein, for all of her work in the
15 separate hearings that she holds and her collaboration in
16 managing these cases.

17 Keep well and safe travels to all. We are adjourned.

18 (At 11:56 AM, proceedings concluded.)

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1 U.S. DISTRICT COURT)

2 DISTRICT OF PUERTO RICO)

3

4 I certify that this transcript consisting of 85 pages is
5 a true and accurate transcription to the best of my ability of
6 the proceedings in this case before the Honorable United
7 States District Court Judge Laura Taylor Swain on September
8 11, 2019.

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12 S/ Amy Walker

13 Amy Walker, CSR 3799

14 Official Court Reporter

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